



**SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
SPECIALIZED COMPANIES DIVISION
(MODARABA WING)**

No. SC/M/RW/R.B./2008-

April 7, 2008

Circular No. 4 of 2008

Subject: **AMENDMENTS IN THE GUIDELINES APPROVED BY THE
RELIGIOUS BOARD FOR ISSUANCE OF CERTIFICATES OF
MUSHARIKA BY MODARABAS**

It is notified to all concerned that the Religious Board in its meetings held on 23.1.2006 and 29.2.2008 has approved the following amendments in clause Nos. 9 and 11 of the Guidelines for issuance of Certificates of Musharika:

1. Insertion of new sub-clause 5 in clause 9 - “Musharika Certificates Redemption Reserve Fund”

“9.5 The Modaraba may make investment from the Redemption Reserve Fund in liquid, investment grade *Shariah* compliant instruments only to maximize on the returns without exposing the Redemption Reserve Fund to any risk. The investment from the Redemption Reserve Fund will be disclosed in the quarterly and annual accounts of Modaraba under a separate head ‘Redemption Reserve Fund’. The Modaraba shall replenish any shortfall in the Redemption Reserve Fund at the time of “mark to market” on the balance sheet dates”.

2. Amendment in clause 11(iii) of the “Conditions of eligibility”. The clause may now be read as follows:

“(iii) The Modaraba is actively engaged in business for a period of two years *and has obtained credit rating of minimum investment grade from a credit rating agency registered with the Commission and such credit rating shall be updated at least once every year during the currency of the issue.*”

(Bilal Rasul)
Registrar (Modarabas)

Distribution:

1. The Chief Executives of all Modaraba Companies.
2. The Chairman, Modaraba Association of Pakistan.
3. The Institute of Chartered Accountants of Pakistan, Karachi.
4. The Institute of Cost and Management Accountants of Pakistan, Karachi.
5. Media Consultant, SEC
6. Executive Director IS & T.
7. Office copy.